HOUSING MARKET INFORMATION

HOUSING MARKET OUTLOOK
Quebec Region Highlights

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: First Quarter 2010

Quebec housing starts forecast

Figure 1

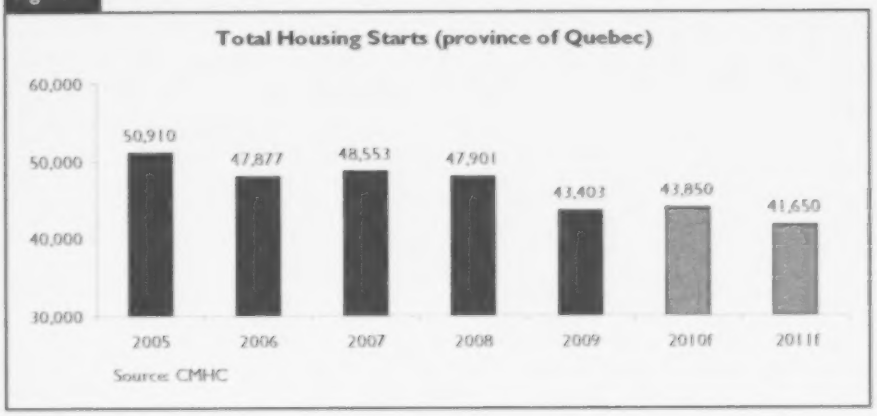
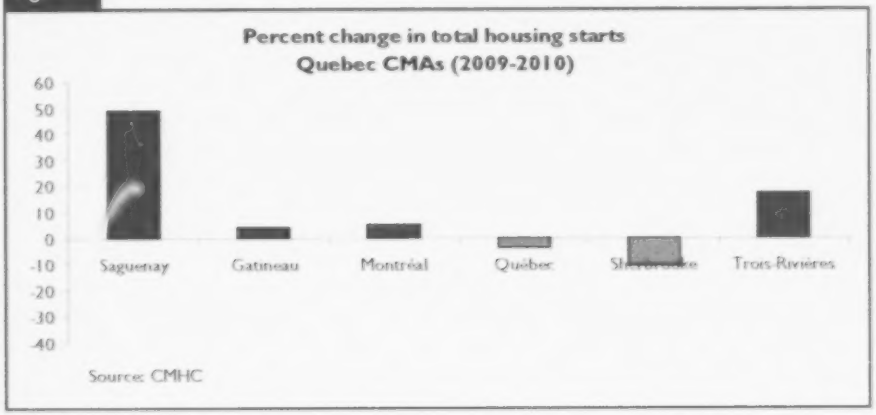


Figure 2



Overview[1]

A recovering economy, favourable borrowing conditions and strong migratory flows will fuel Quebec's housing markets this year and next. Sales of existing homes will stay above the 80,000 mark this year and more than 43,000 new homes will be started in the province.

In the latter stages of 2009, the impact of improving global and national economic environments was apparent in Quebec's economy. Both household spending and private investment started to grow again, while exports reacted positively to increased global demand. Whereas a share of the growth in 2010 will stem from various fiscal measures, 2011 will see the private sector contributing to provincial growth.

Given this context, the Quebec economy is forecast to grow by just over 2.1 per cent in 2010 and by 3.0 per cent in 2011.

A variety of demographic factors will also sustain the province's housing markets in the coming years. Growing net migration to the province will continue to have a positive impact on the rental and resale markets. In addition, population aging and the

[1] The outlook is subject to uncertainty. Although point forecasts are presented in this publication, CMHC also presents forecast ranges and risks where appropriate. The forecasts included in this document are based on information available as of February 16, 2010.

recently higher birth rate will likely prompt households to adjust their housing needs.

In Detail

Single Starts: Starts of single detached homes will benefit from the improved economic and financial environment and from the reduced supply on the resale market. However, a portion of the rising demand will be diverted to less expensive alternatives such as existing homes and multiple family dwellings (semi-detached houses and town homes). About 18,350 single detached starts are expected in 2010 and 17,350 in 2011.

Multiple Starts: Activity in this market segment will be curbed by two factors: the current level of supply, which will remain relatively high, and by the lower growth rate of the population aged 75 and over, which will limit demand for retirement homes. Accordingly, it is expected that multiple starts will drop to 25,500 units in 2010 and to 24,300 in 2011.

Resales: Following a strong recovery in 2009, MLS® sales will moderate during the course of 2010 from the record level established in the fourth quarter of 2009. Sales of existing condominiums (town houses or apartments) will again be an important component of the total. This year, Multiple Listing Service (MLS®) will record 81,250 unit sales, while 2011 will see 80,000 units sales.

Prices: Decreasing but high existing home sales activity and a limited supply of listings will continue to exert some upward pressure on prices in Quebec's resale market. Growth in the resale market will, nevertheless, moderate due to less tight market conditions. MLS® price growth is forecast to be 3.8 per cent in 2010 and 2.6 per cent in 2011.

Mortgage Rates

The Bank of Canada cut the Target for the Overnight Rate in the early months of 2009. The rate was 1.50 per cent at the start of 2009 and has since fallen to 0.25 per cent. The Bank has committed to keeping this rate at 0.25 per cent through the middle of 2010 unless inflationary pressures warrant an increase.

Mortgage rates fell over the course of 2009, but are now expected to remain relatively stable going forward.

According to CMHC's base case scenario, posted mortgage rates will gradually increase throughout the course of 2010, but will do so at a slow pace. For 2010, the one-year posted mortgage rate is assumed to be in the 3.7-4.3 per cent range, while three and five-year posted mortgage rates are forecast to be in the 4.4-6.0 per cent range. For 2011, the one year posted mortgage rate is assumed be in the 4.7-5.4 per cent range, while three and five-year posted mortgage rates are forecast to be in the 5.1-6.7 per cent range.

Rates could, however, increase at a faster clip if the economy recovers at a stronger pace than presently anticipated. Conversely, rate increases could be more muted if the economic recovery is more modest in nature.

Mortgage rates		
1 Year	Q4 2009	3,67
	% pt. chg from Q4 2008	-2,43
	2010 (F)	3,90
	2011 (F)	5,06
5 Year	Q4 2009	5,64
	% pt. chg from Q4 2008	-1,41
	2010 (F)	5,82
	2011 (F)	6,48

Source: Bank of Canada, CMHC Forecast
NOTE: Mortgage rate forecast is based on Q4 2009 data

Quebec Region Economic and Housing Indicators

		Labour Market				Housing Market				
		Emp. Growth SA (%)	Unemp. Rate SA (%)	Average Weekly Earnings ($)		Total Starts	Single-Detached Starts	Multiple Starts	MLS® Sales	MLS® Average Price ($)
Gatineau	Q4 2009	2.6	5.9	874.61	Q4 2009	739	279	460	N.A.	N.A.
	Q4 2008	0.1	4.5	864.26	Q4 2008	981	351	630	N.A.	N.A.
	Change[1]	2.5	1.4	1.2%	% Change	-24.7	-20.5	-27.0	N.A.	N.A.
Montréal	Q4 2009	-0.2	9.1	761.41	Q4 2009	5,763	1,660	4,103	N.A.	N.A.
	Q4 2008	-0.8	7.9	740.36	Q4 2008	5,331	1,377	3,954	N.A.	N.A.
	Change[1]	0.6	1.2	2.8%	% Change	8.1	20.6	3.8	N.A.	N.A.
Québec	Q4 2009	-0.9	4.9	752.39	Q4 2009	1,600	416	1,184	N.A.	N.A.
	Q4 2008	1.0	4.0	748.79	Q4 2008	1,428	470	958	N.A.	N.A.
	Change[1]	-1.9	0.9	0.5%	% Change	12.0	-11.5	23.6	N.A.	N.A.
Saguenay	Q4 2009	0.9	7.3	720.10	Q4 2009	181	93	88	N.A.	N.A.
	Q4 2008	1.3	8.0	717.70	Q4 2008	170	83	87	N.A.	N.A.
	Change[1]	-0.4	-0.7	0.3%	% Change	6.5	12.0	1.1	N.A.	N.A.
Sherbrooke	Q4 2009	3.0	5.5	704.95	Q4 2009	379	142	237	N.A.	N.A.
	Q4 2008	-2.1	7.3	707.45	Q4 2008	602	222	380	N.A.	N.A.
	Change[1]	5.1	-1.8	-0.4%	% Change	-37.0	-36.0	-37.6	N.A.	N.A.
Trois Rivières	Q4 2009	-0.1	9.5	700.21	Q4 2009	362	109	253	N.A.	N.A.
	Q4 2008	-5.3	7.2	676.60	Q4 2008	374	87	287	N.A.	N.A.
	Change[1]	5.1	2.3	3.5%	% Change	-3.2	25.3	-11.8	N.A.	N.A.
Quebec	December 09	-0.5	8.4	744.13	Q4 2009	12,855	4,956	7,899	18,202	$235,227
	December 08	-0.1	7.6	722.93	Q4 2008	12,730	4,629	8,101	13,303	215,985
	Change[1]	-0.3	0.8	2.9%	% Change	1.0	7.1	-2.5	36.8	8.9
Canada	December 09	-1.1	8.4	812.71	Q4 2009	46,577	24,643	21,934	106,415	$338,807
	December 08	0.4	6.8	795.92	Q4 2008	47,067	20,882	26,185	67,095	282,667
	Change[1]	-1.5	1.6	2.1%	% Change	-1.0	18.0	-16.2	58.6	19.9

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).

[1]Changes to the Unemployment Rate and Employment Growth represent the ***absolute*** difference between current rates and the rates for the same period in the previous year.

Source: Statistics Canada (CANSIM), CMHC (Starts and Completions Survey), CREA

"SA" means Seasonally Adjusted

N.A. Currently not available

Quebec Housing Market Outlook (units and percentage change)											
	2005	2006	2007	2008	2009	2010(F)	2011(F)	2010Q1 (F)	2010Q2 (F)	2010Q3 (F)	2010Q4 (F)
Housing Starts:											
Single	23,930	21,917	22,177	19,778	17,535	18,350	17,350	19,600	18,500	17,700	17,700
%	-17.1	-8.4	1.2	-10.8	-11.3	4.6	-5.4	2.1	-5.6	-4.3	0.0
Multiple	26,980	25,960	26,376	28,123	25,868	25,500	24,300	26,250	25,750	25,250	24,750
%	-8.8	-3.8	1.6	6.6	-8.0	-1.4	-4.7	-1.7	-1.9	-1.9	-2.0
Total	50,910	47,877	48,553	47,901	43,403	43,850	41,650	45,850	44,250	42,950	42,450
%	-12.9	-6.0	1.4	-1.3	-9.4	1.0	-5.0	-0.1	-3.5	-2.9	-1.2
Existing Home Markets:											
MLS® Sales	70,385	71,622	80,649	76,762	79,290	81,250	80,000	88,000	79,000	79,000	79,000
%	3.1	1.8	12.6	-4.8	3.3	2.5	-1.5	-2.6	-10.2	0.0	0.0
MLS® Average Price	184,492	195,171	207,530	215,307	225,412	233,900	240,000	231,000	233,000	235,000	237,000
%	7.4	5.8	6.3	3.7	4.7	3.8	2.6	0.5	0.9	0.9	0.9

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Source: CMHC (Starts and Completions Survey), CREA

Quebec Region - Housing Forecast Ranges						
	2010			2011		
	Point Forecast	High Forecast	Low Forecast	Point Forecast	High Forecast	Low Forecast
Quebec						
Housing Starts	43,850	46,500	40,500	41,650	45,300	37,000
Multiple	25,500	25,500	23,000	24,300	25,300	21,500
Single	18,350	21,000	17,500	17,350	20,000	15,500
MLS® Sales	81,250	83,500	75,000	80,000	82,500	72,000
MLS® Average Price ($)	233,900	220,500	233,000	240,000	242,000	236,000
Canada						
Housing Starts	171,250	189,300	152,000	175,150	205,600	156,400
Multiple	84,800	93,150	74,200	89,300	104,350	79,900
Single	86,450	96,150	77,800	85,850	101,250	76,500
MLS® Sales	486,700	509,900	455,350	469,950	494,600	426,300
MLS® Average Price ($)	340,700	346,300	334,600	346,700	362,500	338,700

Sources : CMHC

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Quebec Region Housing Forecast - New Construction

	Housing Starts	2009	2010(F)*	% chg (2009/2010)	2011(F)*	% chg (2010/2011)	YTD 2009	YTD 2008	% chg (2008/2009)
Gatineau	Single-Detached	1,056	1,050	-0.6	1,000	-4.8	1,056	1,120	-5.7
	Multiple	2,060	2,200	6.8	2,100	-4.5	2,060	2,184	-5.7
	Total	3,116	3,250	4.3	3,100	-4.6	3,116	3,304	-5.7
Montréal	Single-Detached	5,446	6,100	12.0	5,600	-8.2	5,446	6,602	-17.5
	Multiple	13,805	14,100	2.1	13,400	-5.0	13,805	15,325	-9.9
	Total	19,251	20,200	4.9	19,000	-5.9	19,251	21,927	-12.2
Québec	Single-Detached	1,746	1,600	-8.4	1,500	-6.3	1,746	2,031	-14.0
	Multiple	3,767	3,700	-1.8	3,700	0.0	3,767	3,426	10.0
	Total	5,513	5,300	-3.9	5,200	-1.9	5,513	5,457	1.0
Saguenay	Single-Detached	337	345	2.4	315	-8.7	337	400	-15.8
	Multiple	247	525	112.6	249	-52.6	247	469	-47.3
	Total	584	870	49.0	564	-35.2	584	869	-32.8
Sherbrooke	Single-Detached	668	690	3.3	650	-5.8	668	802	-16.7
	Multiple	912	710	-22.1	690	-2.8	912	825	10.5
	Total	1,580	1,400	-11.4	1,340	-4.3	1,580	1,627	-2.9
Trois Rivières	Single-Detached	375	350	-6.7	325	-7.1	375	373	0.5
	Multiple	652	850	30.4	425	-50.0	652	775	-15.9
	Total	1,027	1,200	16.8	750	-37.5	1,027	1,148	-10.5

Source: CMHC (Starts and Completions Survey)
(F) = CMHC Forecast
* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

Quebec Region Housing Forecast - Resale Market

		2009	2010(F)*	% chg (2009/2010)	2011(F)*	% chg (2010/2011)	YTD 2009	YTD 2008	% chg (2008/2009)
Gatineau	MLS® Sales	4,335	4,435	2.3	4,485	1.1	N.A.	N.A.	N.A.
	MLS® Avg. Price[1]	204,841	213,000	4.0	218,300	2.5	N.A.	N.A.	N.A.
Montreal	MLS® Sales	41,802	43,200	3.3	44,000	1.9	N.A.	N.A.	N.A.
	MLS® Avg. Price[1]	271,727	283,000	4.1	288,000	1.8	N.A.	N.A.	N.A.
Québec	MLS® Sales	7,969	8,200	2.9	8,000	-2.4	N.A.	N.A.	N.A.
	MLS® Avg. Price[1]	210,326	223,000	6.0	232,000	4.0	N.A.	N.A.	N.A.
Saguenay	MLS® Sales	1,472	1,504	2.2	1,480	-1.6	N.A.	N.A.	N.A.
	MLS® Avg. Price[1]	151,450	158,370	4.6	164,040	3.6	N.A.	N.A.	N.A.
Sherbrooke	MLS® Sales	1,803	1,855	2.9	1,820	-1.9	N.A.	N.A.	N.A.
	MLS® Avg. Price[1]	193,217	198,000	2.5	202,000	2.0	N.A.	N.A.	N.A.
Trois Rivieres	MLS® Sales	1,036	1,063	2.6	1,015	-4.5	N.A.	N.A.	N.A.
	MLS® Avg. Price[1]	139,956	142,853	2.1	145,410	1.8	N.A.	N.A.	N.A.

MLS® is a registered trademark of the Canadian Real Estate Association (CREA).
Source for 2009: MLS® Barometer-Residential Market, FCIQ (CMHC calculation for the MLS® average price)

[1]The average MLS® price corresponds to the average price of all homes.

Source: CREA
(F) = CMHC Forecast
* Although point forecasts are provided in this table, please refer to the Housing Forecast Range table at the end of this report to get the relevant ranges.

N.A. Currently not available

Quebec Region Housing Forecast - Rental Market				
	Vacancy Rate		Average Rent 2-Bedroom Units	
	Oct 2009	Oct 2010(F)	Oct 2009	Oct 2010(F)
Gatineau	2.2	2.3	690	705
Montréal	2.5	2.7	669	678
Québec	0.6	0.8	676	696
Saguenay	1.5	1.8	518	535
Sherbrooke	3.9	4.2	553	565
Trois Rivières	2.7	2.5	520	530
Canada	3.0	2.9	0	0

Source: CMHC Fall Rental Market Survey
(F) = CMHC Forecast
[1] All centres 100,000+

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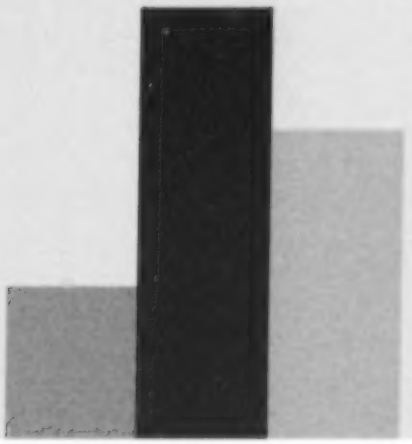

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